

the fulfilment of the contract. They did subscribe it, and they did pay it up and put it in the contract, and therefore that \$5,000,000 is to be added, which gives you the total available assets of the company—of which the company provided only \$5,000,000—\$65,000,000, to meet the expenses due under the contract of \$58,000,000, or a surplus of \$7,000,000. Then, Sir, you may make certain deductions and additions, and I am about to state those for which there is more or less plausibility. You may say now: You have charged us with the whole amount which has been realised for land grant bonds, but we had to pay interest on them, and that should be deducted. I admit the fairness of the statement, but I do not admit the fairness of the whole deduction, because, if they deducted \$582,000 for interest on land grant bonds, while the money received from them was deposited with the Government, of course the interest they receive on the money goes against the interest they pay for the money, and so, deducting the \$192,000 which they received in that way, we have a net charge of \$390,000 for interest on the land grant bonds. They have also paid interest on the Government 5 per cent. loan, which was one of the assets, and I have credited that interest to the amount of \$265,000 to date. That gives a total interest of \$655,000, which is a fair deduction from the surplus of \$7,000,000. Then, do you dispute my deduction of \$960,000 for the permanent line? I do not see upon what ground you can dispute it, but if you do, let us throw it off. Do you dispute my deduction for savings of one and a half million? I do not see upon what grounds you can dispute it, but throw it off. Then, you still have \$3,115,000 against the surplus of about \$7,000,000, you still find about \$4,000,000 remaining. If you even ask me to include what the company says is a betterment to the Government lines, it is only some \$1,200,000, and still there is left a balance of \$2,700,000, out of these resources all provided by the public, excepting the original \$5,000,000 provided by the company. Now, I invite your consideration to those figures, and I invite those who challenge them to show in what respect they are substantially inaccurate, and if accurate, how it is that ample provision in cash has not been made for every dollar which was required to be expended to complete this contract, upon the contract itself. But, Sir, I have entirely omitted, up to this moment, enormous additional resources of the company. There is the Government 4 per cent. loan on securities. These securities were available; they were securities which might be used in order to get cash or credit; they were used in order to get credit, in order to get the Government deposit of \$7,330,000, and therefore there is that available asset created by this work of \$7,330,000, and in respect of which the company obtained from the Government a loan to that amount. Then, as to unsold lands: after settling for the land grant bonds, as I explained a little while ago, there remains a balance of twenty millions on that account, and that, also, was an additional asset. Then the Government works and surveys were an additional asset of thirty-three and a half millions. And the company actually realised, in cash, for the sixty millions of stock which they issued and sold, subsequently, under the new scheme of finance, to which I will presently allude, \$24,493,000, or, say twenty-four and a-half millions. So, outside altogether of the line of assets which I have given to you before, I show you enormous additional assets and resources which were available towards the completion of this contract. And you cannot overlook the consideration of those assets when you come to consider the proposal to grant additional aid and to impair the existing securities to Canada for the aid already given. Now, Sir, so far I have been dealing with the figures as of the 1st September next, when it is said this contract will be completed, and the loan and the subsidy will be actually realised to the last dollar. That is the proper date to handle. We are now within a few weeks of the 1st of September,

and all of our calculations may be fairly directed toward the condition of things on that day, and on that day, therefore, you find the results such as I have indicated. But I will turn back, and I will deal with the figures which were given—deal with the figures of Mr. Stephen's letter as of the 31st of December, 1884, and I will enquire what were the expenditures and what were the assets up to that time. There were, in the shape of assets, cash receipts on account of subsidy, up to 31st December, \$19,773,027; loan up to that date, \$17,970,720; land grant bonds, etc., of which I have explained the details, \$11,000,000; working profits, \$1,560,000; original paid up stock, \$5,000,000; making an aggregate of \$55,640,000 received up to the 31st of December last. Now, I cannot make out in the same satisfactory manner the expenditure on the contracted line up to that time, because the statements of Mr. Miall and Mr. Stephen are short, obscure, vague, condensed, and give no reasonable practical information upon which one can make it out. But I give you my deductions from figures the accuracy of which I do not admit, which I am unable to reconcile with the statements made in January last and the statements made since; but such as they are, assuming them to be correct, these are the figures. Mr. Stephen says the expenditure on the main line and branches up to the 31st of December was \$32,595,842, and for the material on hand \$3,687,729; making a total of \$36,283,571. From that I deduct, according to Mr. Stephen's own figures, the company's expenditures on the acquisition of lines east of Callander, \$4,213,758; their expenditure on branches—the Algoma branch, \$2,269,798, and on the western branches of 176 miles, \$2,335,374, or a total for branches of \$4,605,172; those deductions aggregating \$8,818,930, which, deducted from the principal sum, leaves, according to Mr. Stephen's statement—which is inexplicable to me—\$47,464,671 as the expenditure on the construction of the contracted line up to the 31st of December last. My opinion is that that may include a large sum for interest or dividends; I think that is the negro in the fence corner. But I only conjecture it. Then, as to the equipment up to the 31st of December, Mr. Stephen's statement is that it is \$9,163,750 for all lines. Deduct for the line east of Callander and the branches, say 670 miles, their proportion, \$1,890,000, leaving the expenditure for equipment on the 2,551 miles \$7,173,750. That gives me an aggregate of \$51,641,000 for construction and equipment on the contract, as against the receipts to that date of \$55,643,000, leaving an apparent surplus of \$1,000,000. But that surplus is properly subject to the deduction of \$655,000 on interest account, so far as I can judge. I do not know, of course, whether this \$47,464,671 may not include some interest. If it does, then the deduction I suggest should not be made; but, if it does not include the interest I have referred to, then that deduction should be made; and that would still leave a surplus. And, even if you add the improvements on Government sections to the amount of \$1,240,000, you only get a deficit of under \$1,000,000, after paying up to the handle for everything that was expended on the contract up to the 31st of December. The assets which produced that result being entirely public assets, except the \$5,000,000 of the original stock of the company, that deficit of under \$1,000,000 is, at any rate, not embarrassing, because a floating debt of \$3,000,000 or \$4,000,000 is customary in such operations; they said it only became abnormal when it reached \$7,000,000 or \$8,000,000. All they required to do was to carry this \$1,000,000 as a floating debt, and of course the drawback which was kept on the Government subsidy, and which obviously rendered plain the cause of the narrow circumstances, would pay for that, practically, under the contract. So that on 31st December there was no ground for embarrassment, irrespective altogether of those other enormous resources to which I have referred. I have pointed out that these enormous resources had netted on the

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